



BURLINGTON NORTHERN RAILROAD

LAW DEPARTMENT

3800 Continental Plaza
777 Main Street
Ft. Worth, Texas 76102

(817) 878-2362

1 5626
RECORDATION NO. FILED 1428

FEDERAL EXPRESS

MAY 9 1988-3 22 PM

May 6, 1988

INTERSTATE COMMERCE COMMISSION

Date 5/9/88
Fee \$13.00
IOC Washington, D. C.

Ms. Mildred R. Lee, Recordations
Interstate Commerce Commission
Room 2303
Twelfth and Constitution Ave., N.W.
Washington, D.C. 20423

Re: Document for Recordation: Equipment Lease Dated
March 2, 1984, Between General Electric Company
and Burlington Northern Railroad Company

Dear Ms. Lee:

I am enclosing an original and one verified copy of the document described below to be recorded pursuant to Section 11303, Title 49 of the United States Code.

This document is an Equipment Lease, a primary document, dated March 2, 1984.

The names and addresses of the parties to the transaction are:

Lessor: General Electric Company
2901 East Lake Road
Erie, Pennsylvania 16531

Lessee: Burlington Northern Railroad Company
3800 Continental Plaza
777 Main Street
Fort Worth, Texas 76102

A general description of the equipment covered by the enclosed Equipment Lease follows:

Three B32-8, 3150 HP road locomotives, numbers 5497, 5498 and 5499.

A fee of \$13.00 is enclosed for recording the Equipment Lease. Please return to the undersigned any extra copies not needed by the Commission for recordation.

Ms. Mildred R. Lee

-2-

May 6, 1988

A short summary of the document to appear in the index follows:

Equipment Lease, dated March 2, 1984, between General Electric Company (Lessor) and Burlington Northern Railroad Company (Lessee), leasing three B32-8, 3150 HP road locomotives, numbers 5497, 5498 and 5499.

Very truly yours,



Mark E. Southerst
Assistant General Solicitor

MES/rrm/ea,11
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

5/11/88

OFFICE OF THE SECRETARY

Mark E. Southerst
Assistant General Solicitor
Burlington Northern Railroad
3800 Continental Plaza
777 Main Street
Ft Worth Texas 76102

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 5/9/88 at 3:25pm, and assigned recordation number(s). 15626

Sincerely yours,

Nanta L. McGee
Secretary

Enclosure(s)

VERIFICATION

1 5626
RECORDATION NO. _____ FILED 1425

MAY 9 1988-3 25 PM
INTERSTATE COMMERCE COMMISSION


STATE OF TEXAS)
)
COUNTY OF TARRANT) ss.

MARK E. SOUTHERST, Assistant General Solicitor, BURLINGTON
NORTHERN RAILROAD COMPANY, being duly sworn, deposes and states
that he has compared the attached copy with the original document
and has found the copy to be complete and identical in all
respects to the original document.

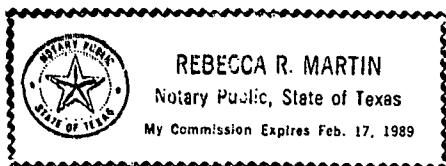


MARK E. SOUTHERST

Subscribed and sworn to before me
this 6th day of May, 1988.



Notary Public in and for the
State of Texas



1 5626

RECORDATION NO. 5626

MAY 9 1988-3 25 PM

BURLINGTON NORTHERN RAILROAD CO.
DOCKET NO. 18218

INTERSTATE COMMERCE COMMISSION
RAILROAD LEASE AGREEMENT

OFFICE OF SECRETARY
ST. PAUL, MINNESOTA

THIS RAILROAD LEASE dated as of the 2 day of March, 1984 by and between GENERAL ELECTRIC COMPANY, a corporation of the State of New York (hereinafter sometimes called "Lessor"), and BURLINGTON NORTHERN RAILROAD COMPANY, a corporation of the state of Delaware (hereinafter sometimes called "Lessee") covering three model B32-8 diesel-electric Locomotives.

WHEREAS, Lessor and Lessee are desirous of entering into a lease of the Locomotives as set forth above, pursuant to the terms and conditions hereafter set forth and reliance upon representations made by the Lessee herein. NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereafter set forth, the parties do hereby agree as follows:

1. Lease and Rental. The Lessor hereby leases to the Lessee and the Lessee hereby hires from the Lessor each of the said Locomotives for use upon lines of railroad owned or operated by Lessee or over which Lessee has trackage rights; provided, however, that the Locomotives shall not be used outside the forty-eight (48) contiguous states of the United States of America or Canada without the written consent of Lessor. Said Lease and use are upon the terms and subject to the conditions hereinafter set forth, such lease being effective as to each Locomotive for a period beginning with the delivery of each such Locomotive to the Lessee pursuant to Article 2 hereof, and ending as to each Locomotive as of a date seven (7) years following delivery of such Locomotive unless Lessee should exercise the option pursuant to Article 14 hereof. Such termination of leasing under this Lease may be confirmed by an appropriate instrument executed by Lessor and/or Lessee. In consideration for the testing support to be provided by the Lessee as described in Article 13, these Locomotives are being leased for a rental of \$1.00 per year per

Locomotive. Rental of each Locomotive shall commence upon delivery of such Locomotive to Lessee pursuant to the provisions of Article 2 herein. Lessee agrees to pay, in addition to the rent, and as additional rental, all costs, charges, taxes (as provided in Article 6 hereof), fees and other expenses which are borne or incurred by Lessor or to which it may be subjected by reason of, or in connection with, this Lease.

2. Delivery. (a) These Locomotives will be delivered to Burlington Northern Railroad Company P.O.B. General Electric's plant located at Erie, Pennsylvania, and Burlington Northern Railroad Company shall accept possession of such Locomotive at that point. These Locomotives are to be delivered in March, 1984.

(b) General Electric shall not be liable for delays in delivery for failure to manufacture or deliver Units due to (1) causes beyond its reasonable control, or (2) to acts of God, acts of the Lessee, acts of civil or military authority, fires, strikes, floods, epidemics, war, riots, or delays in transportation, or (3) inability due to causes beyond its reasonable control to obtain necessary labor, materials, components or manufacturing facilities. In the event of any such delay, the date of delivery shall be extended for a period equal to the time lost by reason of the delay.

(c) On acceptance of each Locomotive pursuant to Section 2. (d) of this Agreement, by the Lessee, the Lessee will assume full responsibility and risk of loss with respect to each such Locomotive so accepted.

(d) The Locomotive shall be tendered by General Electric to the Lessee at an appropriate point of delivery hereinbefore specified and a

representative of the Lessee shall inspect the Locomotive. If the Locomotive is in good order and condition and conforms to the Specifications and to all applicable Interstate Commerce Commission requirements and all standards recommended by the Association of American Railroads, such representative of Lessee shall execute a certificate of acceptance (hereinafter called the "Certificate of Acceptance") in the form attached hereto. Such Certificate of Acceptance shall constitute conclusive evidence that the Locomotive has been delivered to and inspected and accepted by the Lessee. Acceptance of each Locomotive and issuance of the Certificate of Acceptance shall not be deemed a waiver of any right, Lessee may have against Lessor under this Agreement. The Certificate of Acceptance shall be delivered to the Lessor within 5 working days of delivery of each Locomotive. The Lessee shall promptly, after the execution of this contract, deliver to the Lessor a certificate stating the person authorized to execute and deliver on behalf of the Lessee Certificates of Acceptance under this Agreement.

3. Title to the Equipment. At all times during the continuance of this Lease, title to each such Locomotive shall remain with the Lessor, its assigns or successors, and no title to any such Locomotive shall be vested in Lessee, and delivery of possession of the Locomotives, or any of them, to Lessee, and Lessee's possession of the Locomotives, or any of them, shall constitute a lending or bailment.

The Lessee will, throughout the term of this Lease, cause the Locomotives to be kept numbered with their identifying numbers. The Lessee will not change the number of any of the Locomotives without first obtaining consent of Lessor in writing. In any such case, the new number shall be set forth in a supplemental agreement or in an amendment to this

Agreement which the Lessor and Lessee shall execute. The Lessee shall file or record such supplemental agreement or amendment in each jurisdiction wherein this Agreement is recorded in accordance with Article 12 hereof.

4. Responsibility for Locomotives. Except as otherwise provided for in Article 8 herein, the Lessee agrees that, during the continuance of this Agreement and any extension thereof, it will, at its own cost and expense, maintain and keep all of the Locomotives in good order and repair in accordance with Lessor's recommendations for maintenance, repair, replacement or parts and rebuilding; it being understood that any replacement components, and parts hereof, shall be in accordance with Lessor's Specifications therefor. The Lessor shall at all times have the right to inspect the Locomotives, but shall be under no obligation to inspect them, and the Lessee's obligation to keep all the Locomotives in good repair shall not be affected in any manner by the failure of Lessor to inspect the Locomotives. Except for alterations or changes required by law or regulatory authorities, the Lessee shall not effect any change in the design, construction or specifications of the Locomotives, body or electrical equipment or components thereof, without the prior written authority and approval of the Lessor.

5. Loss or Destruction. In the event of loss or destruction of or irreparable damage to any of the Locomotives from any cause whatsoever during the term of this Agreement, the Lessee shall promptly and fully inform the Lessor in regard to such loss, destruction or damage, and the Lessee shall pay promptly to the Lessor a sum equal to the casualty value of each Locomotive so lost, destroyed or irreparably damaged whereupon this Agreement shall terminate as to such Locomotive. The Lessor shall not thereafter have any interest in any material salvageable from such Locomotive. For the purpose of this Article 5, Lessor and Lessee agree that the casualty value of each such Locomotive is as provided for in Exhibit A.

6. Taxes and Liens. (a) The Lessee agrees that during the continuance of this Lease, it will promptly pay all taxes, assessments and other governmental charges levied or assessed against the Lessor, any assignee, or any subsequent assignee, as the case may be, on the account of its ownership of the Locomotives or any part thereof, or on account of the use or operation thereof, or on account of the earnings arising therefrom, but the Lessee shall not be required to pay the same so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof, unless thereby, in the judgment of the Lessor, the rights or interests of the Lessor will be materially endangered. In the event any tax reports are required to be made on the basis of individual Units, the Lessee will either make such reports in such manner as to show the ownership of such Units by the Lessor or will notify the Lessor of such requirements and will make such reports in such manner as shall be satisfactory to the Lessor.

(b) The Lessee will pay and discharge, cause to be paid and discharge, or make adequate provision for the satisfaction or discharge of any debt, tax, charge, assessment, obligation or claim against the Lessee which, if unpaid, might become a lien or charge upon or against the title of the Lessor to any of the Units or which might have the effect of altering in any way the rights of the Lessor in such Units under this Agreement, but the Lessee shall not be required to pay or discharge any such debt, tax, charge, assessment, or obligation or claim so long as the validity or amount thereof shall be contested in good faith and by appropriate legal or administrative proceedings, unless such contest will, in the judgment of the Lessor, materially endanger the rights or interests of the Lessor.

7. Representations and responsibility of Lessor. (a) The Lessor represents that the Locomotives manufactured hereunder will be free from defects in material, workmanship and title under normal use and service, and will be of the kind and quality described in this Lease. The foregoing representation is exclusive and in lieu of and the Lessor hereby disclaims all other representations, whether written, statutory, oral or implied. THERE ARE NO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE. If it appears within twenty-four (24) months or 250,000 miles, whichever occurs first, after delivery of the Locomotive hereunder, that the Locomotive delivered hereunder does not meet the representations specified above and the Lessee notifies the Lessor promptly, the Lessor, after verification as to condition and usage, shall correct any defect, including nonconformance with the Lessor's specifications, at its option, either by repairing any defective part or parts made available to the Lessor, or by making available at the Lessor's plant at Erie, Pennsylvania, or at a warehouse designated by the Lessor suitable replacement part(s) which Lessee may then install or have installed at Lessee's expense. The foregoing shall constitute the sole remedy of the Lessee and the sole liability of the Lessor.

(b) The Lessor's responsibility shall not extend to any defect or defects which in its judgment reasonably exercised are caused in whole or in part by failure to comply with its operating and maintenance recommendations, by reason of improper storage or application, by misuse, negligence, accident or improper maintenance, or by repairs or alterations not authorized or approved by the Lessor. The Lessor does not warrant materials or parts furnished by the Lessee or specified by the Lessee unless such specifications are agreed to in writing by the Lessor.

(c) The Lessor's liability hereunder (except as to title) arising out of the supplying of the Locomotives under this Lease, (or under any extension of such Lease or under subsequent sale of such Locomotives), or their use, whether such liability is based on contract, torts or negligence, or any other basis shall not in any case exceed the cost of correcting defects in the Locomotive, as herein provided. Except as otherwise provided for in this Agreement, the Lessor's liability whether arising under breach of contract, negligence, tort, or in any other manner shall in no case include special, incidental or consequential damages including but not limited to transportation charges, the Lessee's labor or materials, or loss of use or revenue.

(d) If the Lessor is required to correct any defects or replace any defective parts in accordance with this Article, it is understood that this shall not in any way affect or abate Lessee's obligations to pay rent or incur other expense as provided in this Agreement.

8. Compliance with Laws and Rules. The Lessee agrees to comply in all respects with all laws of the jurisdictions in which its operations involving the Locomotives may extend and with all lawful rules of the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Locomotives, to the extent that such laws and rules require the alteration of Locomotives, the Lessee will conform therewith, at its expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that the Lessee may, in good faith, contest the validity and application of such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property rights of the Lessor as owner hereunder.

9. Lessee's Indemnities and Guarantees. The Lessee will save, indemnify and keep harmless the Lessor from and against all losses, damages, injuries, claims and demands whatsoever, regardless of the cause thereof, arising on account of the Locomotives or the use or operation thereof during the term of this Lease, unless such losses, damages, injuries, claims and demands result from or are caused in any way by a defect in the Locomotive(s) or in any component thereof which is caused by or occurs through the negligence of the Lessor or the Manufacturer. This covenant of indemnity shall continue in full force and effect notwithstanding any extension of this Agreement or the purchase of the Locomotives by the Lessee as provided in Article 14 hereof, or the termination of this Agreement in any manner whatsoever.

10. Responsibility for Patent Infringement. (a) Except in cases of designs, articles and materials specified by the Lessee and not manufactured by the Lessor, or manufactured by the Lessor to Lessee's designs, the Lessor shall defend any suit or proceeding brought against the Lessee so far as based on a claim that any Locomotive or any part thereof, furnished under this Agreement constitutes an infringement of any patent of the United States or Canada, if notified promptly in writing and given authority, information and assistance (at the Lessor's expense) for the defense of the same, and the Lessor shall pay all damages and costs awarded therein against the Lessee. In case said Locomotive, or any part thereof, in such suit is held to constitute infringement and Lessee is prevented from using said Locomotive or part, Lessor shall replace same with noninfringing items, or modify it so that it becomes noninfringing, or take possession of said Locomotive and cancel the Agreement with respect to such Locomotive, in which event the Lessor will pay the reasonable cost of returning said Locomotive or Units to Lessor.

The foregoing states the entire liability of the Lessor for patent infringement by said locomotives, or any part thereof.

(b) With respect to any designs, articles or materials specified by the Lessee, and not manufactured by the Lessor, or manufactured by the Lessor to the Lessee's designs, the Lessee shall defend any suit or proceeding brought against the Lessor so far as based on a claim that any designs, articles or materials, or any part thereof, furnished under this Lease constitutes an infringement of any patent of the United States or Canada, if notified promptly in writing and given authority, information and assistance (at the Lessee's expense) for the defense of same, and the Lessee shall pay all damages and costs awarded therein against the Lessor. In case of designs, articles or materials, or any part thereof, is held to constitute infringement, and the use thereof is enjoined, the Lessee shall, in respect of the locomotives at its own expense, procure for Lessor, the right to continue using or manufacturing said designs, articles and materials so as to become noninfringing.

11. Assignments by the Lessee. The Lessee will not sell, assign, transfer or otherwise dispose of its rights under this Agreement nor transfer possession of the locomotives to any other firm, person or corporation (except as herein otherwise provided) without first obtaining the written consent of the Lessor to such sale, assignment or transfer, provided that nothing in this article shall be deemed to restrict the right of Lessee to assign or transfer its rights under this Agreement, including possession of the Units, to any corporation into or with which Lessee shall have become merged or consolidated or which shall have acquired or leased substantially all the lines of the Lessee as an entirety or substantially as an entirety.

12. Recording. Prior to delivery of the first locomotive hereunder, Lessee, at its own expense and without expense to Lessor, will cause this Agreement and any supplements hereto and any assignment and reassignment hereof to be filed with the Interstate Commerce Commission for recordation under Section 11303 of the Interstate Commerce Act. Lessee will deliver to Lessor one copy of certificates or other evidence satisfactory to counsel for Lessor of such filing and of the payment of filing fees and taxes, if any, in connection therewith. In addition, Lessor shall do such other acts as may be required by Federal or State Law, or reasonably requested by Lessee for the proper protection of Lessor's title and interest in the Locomotives.

13. Testing. Lessee and Lessor expect to conduct testing of the Locomotives pursuant to a test plan which shall be mutually agreed upon by the parties. Lessor shall provide a proposed test plan to Lessee for review no later than April 1, 1984. All testing performance data and all information pertaining to Lessee's operation shall be considered confidential and shall not be disclosed to any third party by Lessor without Lessee's consent. Lessee acknowledges that Lessor will wish to make certain test data public and Lessee agrees that its consent will not be unreasonably withheld.

14. Termination. At the conclusion of this Agreement, the Lessee has the option of either purchasing these Locomotives from the Lessor at salvage value or returning them. The Lessee must notify the Lessor at least 30 days prior to the termination of this Agreement of their intention.

If the Locomotives are to be returned, the Lessor will notify the Lessee of shipping instructions prior to the termination of the contract. Shipping charges from the nearest point on the Lessee to the designation specified by the Lessor will be the responsibility of the Lessor.

15. Default. In the event of any default by the Lessee in respect to any of its obligations under the terms of this Agreement, the term of this Lease shall immediately cease and terminate and the Lessor may, with ten (10) days notice, take or cause to be taken immediate possession of the Locomotives, and, in such event, all of the Lessee's rights in the Locomotives will thereupon terminate; provided, however, that such retaking shall not be deemed a waiver by the Lessor of its rights or remedies conferred upon the Lessor by this Agreement or by law including, but not limited to, Lessee's liability for the costs of restoring such Locomotive to original condition normal wear and tear excepted, and provided, further, that in the event of such retaking and thereafter the Lessee pays purchase price, together with a sum equivalent to the costs and expenses, including attorney's fees, incurred by the Lessor at the time of such payment shall deliver the Locomotives to the Lessee in the condition they were in when retaken and by appropriate instrument or instruments transfer to the Lessee title to and property in the Locomotives free and clear of all liens and encumbrances arising through the Lessor.

16. Survival of Guarantees, Representations and Indemnities. The representations and indemnities provided for in Articles 7, 8, 9, 10, and 23 (a) hereof (except as may be otherwise specified therein) as to any matter arising prior to the termination of this Lease shall survive the termination of the Lease hereunder for any reason and the full payment of the purchase price by the Lessee.

17. Notice. Any notice hereunder to the Lessee shall be deemed to be properly serviced if delivered or mailed to the Vice President Purchasing and Material, Burlington Northern Railroad, 176 East 5th Street, St. Paul, Minnesota 55101 or such other address as may have been furnished in

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writing to the Lessor by the Lessee. Any notice to Lessor shall be deemed to be properly served if delivered or mailed to Vice-President, Locomotive Marketing Division, General Electric Company, at 2901 East Lake Road, Erie, Pennsylvania, 16531, or at such other address as may have been furnished in writing to the Lessee by Lessor.

18. Extension Not a Waiver. Any extension of time granted by the Lessor to the Lessee for the payment of any sum due under this Agreement, or for the performance of any other obligation hereunder, shall not be deemed a waiver of any rights and remedies hereunder or otherwise existing.

19. Execution of Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together will constitute but one and the same Agreement, which will be sufficiently evidenced by any such original counterpart.

20. Article Headings. All Article headings are inserted for convenience only and will not affect any construction or interpretation of this Agreement.

21. Modification of Agreement. No variation or modification of the Lease and no waiver of any of its provisions or conditions will be valid unless in writing and signed by the duly authorized officials of the Lessor and the Lessee.

22. Pennsylvania Law. Except insofar as Federal law may be applicable, the terms and conditions of this Lease and any subsequent sale and all rights and obligations thereunder shall be governed by the laws of the Commonwealth of Pennsylvania.

23. Representations and Warranties. (a) The Lessor represents and warrants that it will be the true and lawful owner of each Locomotive when delivered to the Lessee in accordance with Article 2 hereof and that at the time of such deliveries to Lessee each Locomotive will be free and clear of all liens and encumbrances of any nature whatsoever.

(b) The Lessee represents and warrants that:

(i) The Lessee is a duly organized and validly existing corporation in good standing under laws of the State of Delaware; is qualified to do business in such jurisdictions as are necessary to carry out the transactions contemplated by this Lease, and has power and authority to own its properties and carry on its business as now conducted.

(ii) The execution and delivery of this Lease is within its corporate authority, has been authorized by proper corporate proceedings and will not contravene any provision of law or of its charter, bylaws or any agreement or other instrument binding upon it, and the Lease is a valid and binding obligation of the Lessee enforceable against the Lessee in accordance with its terms subject to any applicable bankruptcy or insolvency laws.

(iii) No governmental authorizations are required for the execution and delivery of this Lease or for the validity and enforceability thereof or the leasing of the Locomotives hereunder for the rentals and on the other terms and conditions provided for herein; or, if any such authorizations are required, they have been obtained.

(iv) No litigation or administrative proceedings are pending, or to the knowledge of the Lessee threatened, against the Lessee, the adverse determination of which would affect the validity of this Lease or the rights of the Lessor hereunder.

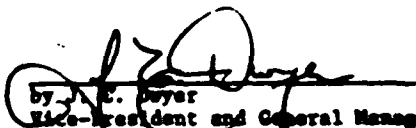
James L. Baldwin 5, 8.

(v) The rights of Lessor are as set forth herein and the title of the Lessor to the Locomotive is senior to the lien of any mortgage, security agreement or other instrument binding upon Lessee.

24. Entire Agreement. This instrument contains the entire and only Agreement between the parties relating to the subject matter hereof, there being merged herein all prior and collateral representations, promises and conditions in connection with said subject matter. Except as specifically provided for under the terms of this Lease, no modifications, extensions, waiver, renewal or termination of this Lease, or any of the provisions thereof, shall be binding on either party hereto unless made in writing on its behalf by the duly authorized representative of such party.

IN WITNESS WHEREOF, General Electric Company has caused these presents to be executed and its seal to be affixed by its duly authorized official pursuant to lawful authority; and the Burlington Northern Railroad Company has caused these presents to be executed and its seal to be affixed by its duly authorized officers pursuant to lawful authority, all as of the day, month and year first above written.


by Burlington Northern Railroad


by J. E. Dyer
Vice-President and General Manager
Locomotive Marketing Division
General Electric Company

James I Baldwin, 5, 8,

CERTIFICATE OF ACCEPTANCE

UNDER A RAILROAD LEASE DATED AS OF MARCH, 1984

TO: GENERAL ELECTRIC COMPANY (BUILDER, OWNER, LESSOR)

I, a duly appointed inspector and authorized representative of Burlington Northern Railroad Company ("BN"), do hereby certify that I have inspected, received, approved and accepted, on behalf of BN under the Railroad Lease Agreement dated as of March 1984 between General Electric Company ("GE"), the following units of equipment ("Equipment"):

TYPE OF EQUIPMENT: B32-8, 3150 HP Road Locomotive

NUMBER OF UNITS: (3) Three

NUMBERED: BN 5497 and 5498 and 5499

DATE ACCEPTED:

I do further certify that the foregoing Equipment is in good order and condition and conforms to the specifications applicable thereto, and at the time of delivery to the BN there was plainly, distinctly, permanently and conspicuously marked upon each side of each unit of Equipment the following legend:

"GENERAL ELECTRIC COMPANY, Owner, Lessor. Lease filed with
ICC, _____."

The execution of this certificate will in no way relieve or decrease the responsibility of the Builder of the Equipment for warranties it has made with respect to Equipment.

Inspector and Authorized Representative
Burlington Northern Railroad Company

Date

EXHIBIT A

CASUALTY VALUE TABLE

START OF LEASE	\$1,048,000
END OF YEAR 1	883,000
END OF YEAR 2	719,000
END OF YEAR 3	565,000
END OF YEAR 4	411,000
END OF YEAR 5	268,000
END OF YEAR 6	135,000
END OF YEAR 7	50,000

THIS TABLE REPRESENTS THE CASUALTY VALUE AS OF THE LAST DAY INDICATED YEAR OF LEASE TERM. FOR CASUALTIES OCCURRING BETWEEN THESE DATES THE CASUALTY VALUE WILL BE CALCULATED ON A PRO-RATA BASIS.

(EXAMPLE: 120TH DAY OF 3RD YEAR

$\$719,000 - 120/365 [719,000 - 565,000]$

or \$668,370)